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SUBJECT: PM FUKUDA'S VISIT TO CHINA

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Classified By: Deputy Political Section Chief Ben Moeling. Reasons 1.4
(b/d)

1. (C) Summary. Chinese MFA and Japanese Embassy officials called PM Fukuda's December 27-30 visit to China a success because it codified an improvement in bilateral relations and featured high-level symbolic gestures such as a game of catch between PM Fukuda and Premier Wen Jiabao. Contacts told us the major achievement of the visit was the rebuilding of political trust at the top levels which will pave the way for an improved relationship. PM Fukuda reiterated Japan's official Taiwan policy, which pleased the Chinese, but fell short of meeting their expectations completely when he added a caveat to his statement that Japan does not support Taiwan's UN referendum. One source told us the Chinese were disappointed at the relatively modest progress in the East China Sea issue, but both sides agreed publicly that they are moving towards resolution. End Summary.

CHINESE MFA: VISIT SUCCESSFUL, GENERALLY SPEAKING

2. (C) MFA Asian Affairs Department Japan Division Deputy Director Lu Guijun described PM Fukuda's December 27-30 visit to China as successful. The visit "boosted steady growth on important issues and strengthened good momentum at high (political) levels." Lu highlighted the agreements on President Hu's upcoming visit to Japan, energy, environment, climate change cooperation, and commitments to increase youth exchanges between the two countries as significant achievements. Sino-Japanese relations are "generally speaking in good shape," he said.

JAPANESE EMBASSY: GOOD VISIT, BUT CHINESE MFA NOT AS HAPPY AS THEY CLAIM TO BE

3. (C) The Japanese Embassy was "very satisfied" with the visit and felt the Chinese side had "welcomed PM Fukuda very well," Japanese Embassy First Secretary Akira Yokochi told PolOff. He praised the amount of time PM Fukuda enjoyed with top Chinese leaders, and noted, in particular, the last-minute decision for President Hu to host a dinner in honor of PM Fukuda. Counselor Hiroyuki Namazu (protect) told PolOff that the Chinese were satisfied with the visit as a whole, but had been disappointed in two areas: Taiwan and the East China Sea discussions. The Chinese MFA, Namazu said, had hoped for more significant concessions by the Japanese that would have allowed a dramatic breakthrough on the East China Sea dispute rather than the relatively "unspecific" joint statement language. On the Taiwan issue, Namazu said the MFA had asked the Japanese to make an unambiguous

statement on the referendum and had been "slightly disappointed" that PM Fukuda added the "if the referendum leads to an increase in cross-Strait tensions" caveat to his statement that Japan does not support the referendum.

POLITICAL SIGNIFICANCE IN A GAME OF CATCH

14. (C) Yokochi told PolOff that Japanese Deputy Cabinet Secretary Matsushige Ono, who participated in all of PM

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Fukuda's meetings in China, told Japanese Embassy officials that PM Fukuda's game of catch with Premier Wen demonstrated that the visit had been successful in strengthening the mutual cooperation between the top leaders. Yokochi explained that a game of catch can be seen as an important symbolic gesture for Japanese leaders to signify mutual cooperation between countries. The last time a Japanese PM played catch with another leader was in 2005 when President Bush and PM Koizumi did so at Crawford Ranch, Yokochi said. PM Fukuda first proposed a game of catch with Premier Wen in Singapore on the sidelines of the ASEAN-related meetings in November 2007, and again repeated his suggestion in Beijing on December 28. Yokochi said the Japanese public would interpret the news reports and photos of the two leaders tossing a baseball on December 29 as a signal of good relations.

TAIWAN: DESPITE CAVEAT, FUKUDA'S STATEMENT PLEASES PRC

15. (C) PM Fukuda's reiteration of the Japanese position on Taiwan was warmly received by the Chinese. While there was

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some initial confusion regarding PM Fukuda's statement on Taiwan's UN membership referendum (reftel), China Institute of International Studies Professor Jin Linbo told PolOff that the fact PM Fukuda agreed to reiterate the Japanese position on Taiwan is highly significant. Professor Jin said that the Chinese Government has repeatedly requested the Japanese Government to reiterate their position on Taiwan, but since at least 1998, no Japanese leader agreed to do so until PM Fukuda. Jin said this was surely a gesture aimed at pleasing the Chinese Government.

LOOKING ON THE BRIGHT SIDE: SOME EAST CHINA SEA MOMENTUM

16. (C) Japan and China issued a statement of "Common Recognition" on East China Sea energy development. Yokochi highlighted two new developments: the provision to raise the negotiations to the Deputy Minister level in case of an impasse and an explicit statement to have all consultations and resolutions done according to international law. Yokochi said this new explicit statement to resolve the issue "according to international law" is somewhat to Japan's advantage as China uses "outdated" definitions of international law. Counselor Namazu said that the Chinese had hoped for even more substantial progress, "but it was not possible at this time."

HISTORY STILL A FACTOR

17. (C) According to Professor Jin, the gains in trust between top leaders and increased political will in resolving the East China Sea dispute will "have a positive impact" on the pace of negotiation and eventual agreement. Nevertheless, he cautioned, Japan should not underestimate the "potential barrier" of historical issues. Japanese Embassy official

Yokochi pointed out that China and Japan each gave a little on the history question: PM Fukuda acknowledged the issue of historical tensions in his speech at Peking University, and the Chinese Government downplayed historical issues during the visit.

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